

County struggles with spending

Floreen vows to make government more efficient following economic downturn

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Montgomery County Council President Nancy Floreen (D-At large) promises spending will be much more responsible under one of the fiscal policies being considered by the council. The call for a new fiscal policy is in response to the Triple-A bond rating agency's recommendation that the council take a more conservative approach to spending following the county's \$4.4 billion budget shortfall for fiscal year 2011. The county's bond rating is up for review in July.

"This will set the framework for the next six years of fiscal planning," Floreen said Monday about the plan, which would be used for expenditures through fiscal year 2016. "This is the first time in history the council has committed to a forecast for six years."

Another policy, proposed by County Executive Isiah "Ike" Leggett (D), would double the county's reserve fund over the next five years. That reserve fund represents about 5 percent of the county's \$3.5 billion general fund for unforeseen issues, such as extreme weather. The county council voted in May to increase the reserve fund to 6 percent, citing that the reserve fund had been actually used for operating costs during 2009 and 2010. Leggett's policy would also prevent one-time revenues from being used to fund recurring items.

"The budgets that we have been advancing are not sustainable and are structurally imbalanced," said Councilwoman Duchy Trachtenberg (D-At large). "The reserve has been used to fund operating costs."

The county, which usually boasts a gold-standard rating, could be downgraded to silver, according to Leggett. The county executive said the bond-rating agencies are concerned with structural budget problems and low reserves and are threatening a change in rating as an incentive to make major reforms in the budget-making process.

The Office of Legislative Oversight (OLO) has conducted an independent study into the county's spending habits and is concurrently presenting solutions on how to avoid future budget predicaments. The office's director, Karen Orlansky, met with Leggett and the council Tuesday.

"It's no mystery that we are looking at the fundamental size of the workforce and the cost per county employee right now," Orlansky said. She said the county primarily spends on employee salary and benefits.

Things got heated when Floreen and Council Vice President Valerie Ervin (D-Dist. 5) disagreed on the terms of the OLO's plan. Ervin openly supports the OLO's proposed policy, while Floreen seemed to favor other policies.

"Nancy, can I interject one thing here?" said Ervin during the meeting with Leggett and Orlansky. "These changes are going to be more than just financial."

"Excuse me, Val," Floreen responded. "But no, it's going to be just financial within the Office of Legislative Oversight."

Orlansky cleared up the argument by siding with Ervin.

"The policy will accomplish two goals," Orlansky said. "First, we are looking at spending costs and structural problems and amending our approach. Second, we are writing guiding principles to make decisions for long-term and permanent spending."

"Montgomery County has rested on their laurels for a long time," Floreen said. The council is set to vote on which fiscal policy best suits the county on June 29.